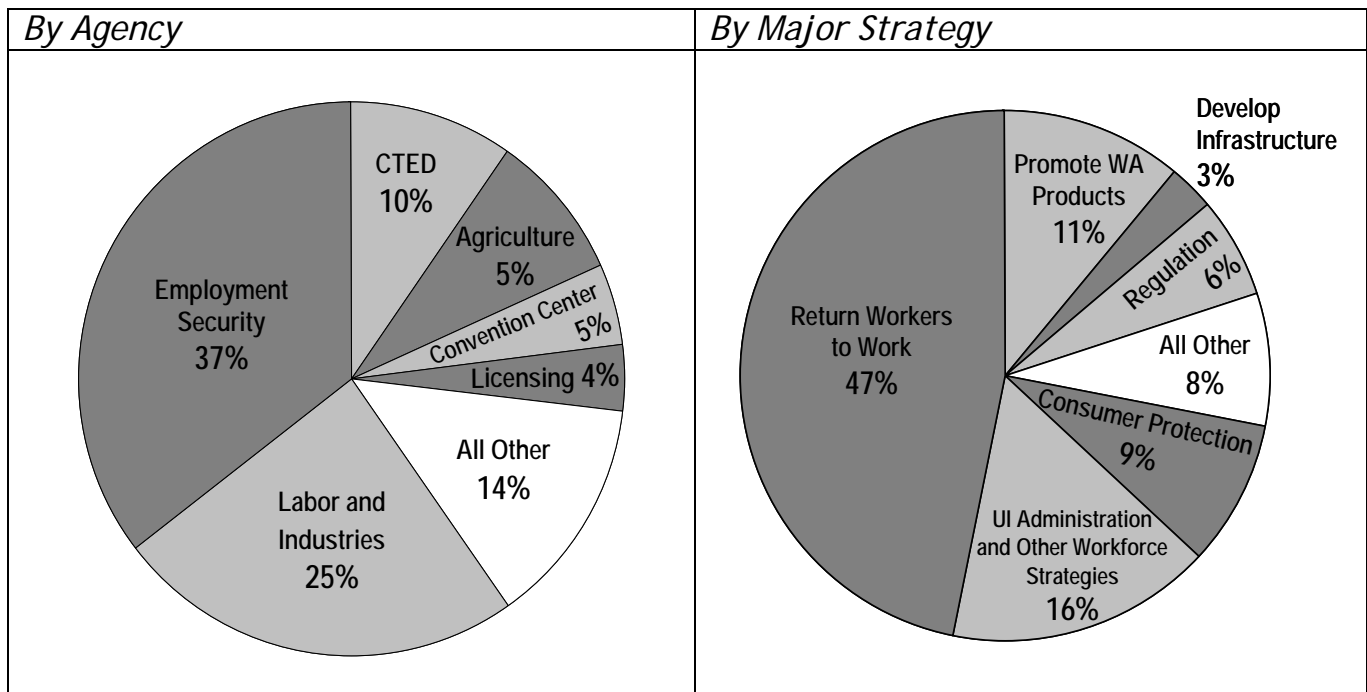


# GMAP Fiscal Report Economic Vitality

Biennial Operating Budget = \$1.455 billion All Funds  
\$91.5 million GFS

(Fund Sources: federal, medical aid/accident, dedicated funds, 6% GFS)



## Current Fiscal Status (Major Agencies)

July 2005 - March 2006 Expenditures

Dollars in Thousands

|  |                   |                 |                               |              |
|--|-------------------|-----------------|-------------------------------|--------------|
| Please note: Estimates-to-date do not yet reflect the 2006 supplemental budget changes | Estimates-to-date | Actuals-to-date | Current Variance under/(over) | Prior Report |
| Department of Labor and Industries   | \$193,567         | \$190,256       | 1.7%                          | 2.5%         |
| Employment Security Department   | 191,766           | 170,662         | →11.0%                        | 7.9%         |
| Community, Trade, and Economic Development   | 183,056           | 153,033         | →16.4%                        | NA           |
| Department of Ecology  | 119,223           | 116,026         | 2.7%                          | →22.2%       |
| Department of Fish and Wildlife  | 99,543            | 105,116         | →(5.6)%                       | NA           |
| Department of Revenue  | 70,449            | 67,746          | 3.8%                          | 5.1%         |
| Department of Agriculture  | 39,631            | 39,826          | (.5)%                         | 1.0%         |

Please note: Pie charts above are based on agency budget allocation to statewide strategies, where agencies may be split between more than one strategy area (e.g. Economic Vitality, Mobility, Government Efficiency, etc.). However current fiscal status is based on the full agency total, since we do not account by activity.

# GMAP Fiscal Report

## Economic Vitality

### Current Fiscal Status (Selected Program Detail)

July 2005 - March 2006 Expenditures

Dollars in Thousands

| Please note: Estimates-to-date do not yet reflect the 2006 supplemental budget changes | Estimates-to-date | Actuals-to-date  | % Variance under/(over) | Prior Report |
|--|-------------------|------------------|-------------------------|--------------|
| <b>Department of Labor and Industries</b>  |                   |                  |                         |              |
| FTE Staff  | 2,645.5           | 2,685.5          | (1.5)%                  | (1.8)%       |
| Management Services  | \$15,999          | \$16,551         | (3.5)%                  | (5.2)%       |
| Insurance Services   | 92,132            | 90,239           | 2.1%                    | 6.7%         |
| Information Services   | 14,590            | 14,744           | (1.1)%                  | (26.6)%      |
| WISHA Services   | 33,683            | 32,748           | 2.8%                    | 5.3%         |
| Specialty Compliance Services  | 24,062            | 23,237           | 3.4%                    | 4.2%         |
| Crime Victims' Compensation  | 13,103            | 12,737           | 2.8%                    | 3.7%         |
| <b>Agency Total</b>  | <b>\$193,567</b>  | <b>\$190,256</b> | <b>1.7%</b>             | <b>2.5%</b>  |
| <b>Employment Security Department</b>  |                   |                  |                         |              |
| FTE Staff  | 2,204.3           | 1,907.1          | 13.5%                   | 13.9%        |
| Employment Services  | \$36,746          | \$30,928         | →15.8%                  | 14.2%        |
| Unemployment Insurance   | 59,197            | 61,480           | (3.9)%                  | (4.6)%       |
| State Programs   | 4,772             | 4,438            | 7.0%                    | (33.3)%      |
| Workforce Investment Act   | 91,052            | 73,888           | →18.9%                  | 7.9%         |
| <b>Agency Total</b>  | <b>\$191,766</b>  | <b>\$170,662</b> | <b>11.0%</b>            | <b>7.9%</b>  |
| <b>Community, Trade, and Economic Development</b>                                      |                   |                  |                         |              |
| FTE Staff  | 352.6             | 325.3            | 7.7%                    | NA           |
| Administrative Services  | \$5,504           | \$4,565          | →17.1%                  | NA           |
| WorkFirst  | 0                 | 4                | NA                      | NA           |
| International Trade  | 1,805             | 1,669            | 7.6%                    | NA           |
| Community Services   | 70,957            | 54,817           | →22.8%                  | NA           |
| Housing Services   | 37,247            | 26,342           | →29.3%                  | NA           |
| State Building Code Council  | 363               | 245              | →32.6%                  | NA           |
| Energy Policy  | 2,279             | 1,040            | →54.4%                  | NA           |
| Energy Facilities Site Evaluation Council  | 2,009             | 2,753            | →(37.0)%                | NA           |
| Local Government Assistance  | 49,597            | 50,279           | (1.3)%                  | NA           |
| College Work Study   | 0                 | 3                | NA                      | NA           |
| Economic Development   | 13,295            | 11,317           | →14.9%                  | NA           |
| <b>Agency Total</b>  | <b>183,056</b>    | <b>153,033</b>   | <b>16.4%</b>            | <b>NA</b>    |
| <b>Department of Ecology</b>   |                   |                  |                         |              |
| FTE Staff  | 1,506.4           | 1,438.9          | 4.5%                    | 5.3%         |
| Administration and Support   | \$15,103          | \$14,260         | 5.6%                    | 11.7%        |
| Air  | 12,209            | 11,782           | 3.5%                    | 18.6%        |
| Environmental Investment and Lab Services  | 8,214             | 6,672            | (5.6)%                  | 17.2%        |
| Shorelands and Coastal Zone Management   | 13,916            | 12,592           | 9.5%                    | 46.2%        |
| Water Quality  | 18,828            | 16,752           | →11.0%                  | 18.3%        |
| Water Resources  | 11,205            | 11,468           | (2.4)%                  | 19.8%        |

# GMAP Fiscal Report

## Economic Vitality

|  |                   |                  |                         |              |
|--|-------------------|------------------|-------------------------|--------------|
| Please note: Estimates-to-date do not yet reflect the 2006 supplemental budget changes | Estimates-to-date | Actuals-to-date  | % Variance under/(over) | Prior Report |
| Toxics Clean-up  | 10,962            | 11,526           | (5.2)%                  | 28.7%        |
| Nuclear Waste  | 5,150             | 4,938            | 4.1%                    | 12.9%        |
| Hazardous Waste Program  | 7,338             | 7,311            | .4%                     | 21.3%        |
| Solid Waste Program  | 8,770             | 8,494            | 3.1%                    | 13.6%        |
| Spill Prevention, Preparation, and Response  | 7,528             | 8,231            | (9.3)%                  | 6.1%         |
| <b>Agency Total</b>  | <b>\$119,223</b>  | <b>\$116,026</b> | <b>2.7%</b>             | <b>22.2%</b> |
| <b>Department of Fish and Wildlife</b>   |                   |                  |                         |              |
| FTE Staff  | 1,590.5           | 1,638.2          | (3.0)%                  | NA           |
| Business Services  | 20,877            | 22,530           | (7.9)%                  | NA           |
| Enforcement  | 11,170            | 12,453           | →(11.5)%                | NA           |
| Habitat  | 8,194             | 8,120            | .9%                     | NA           |
| Wildlife   | 12,732            | 15,724           | →(23.5)%                | NA           |
| Fish   | 46,570            | 46,289           | .6%                     | NA           |
| <b>Agency Total</b>  | <b>99,543</b>     | <b>105,116</b>   | <b>(5.6)%</b>           | <b>NA</b>    |
| <b>Department of Revenue</b>   |                   |                  |                         |              |
| FTE Staff  | 1,076.7           | 1,068.1          | .8%                     | 1.5%         |
| Tax Administration Services  | \$31,735          | \$29,604         | 6.7%                    | 8.5%         |
| Tax Analysis and Interpretation  | 31,398            | 30,968           | 1.4%                    | 2.2%         |
| Management Services  | 7,316             | 7,174            | 1.9%                    | 2.8%         |
| <b>Agency Total</b>  | <b>\$70,449</b>   | <b>\$67,746</b>  | <b>3.8%</b>             | <b>5.1%</b>  |
| <b>Department of Agriculture</b>   |                   |                  |                         |              |
| FTE Staff  | 671.0             | 680.4            | (1.4)%                  | (2.0)%       |
| Agency Operations  | \$3,362           | \$3,742          | →(11.2)%                | (4.0)%       |
| Commodity Inspection   | 13,579            | 13,561           | (.1)%                   | (.5)%        |
| Food Safety, Animal Health   | 5,545             | 6,449            | 1.5%                    | 2.3%         |
| Plant Protection   | 6,662             | 6,531            | 2.0%                    | 7.0%         |
| Market Development   | 5,105             | 5,183            | (1.5)%                  | (11.4)%      |
| Pesticide Management   | 4,378             | 4,362            | .4%                     | 4.6%         |
| <b>Agency Total</b>  | <b>\$39,631</b>   | <b>\$39,826</b>  | <b>1.0%</b>             | <b>1.0%</b>  |

## Key Fiscal Issues

### Labor and Industries

#### Final Enacted 2006 Supplemental Budget

The agency acquired \$11 million in Other Funds:

- For increased website transactions costs for increased customer usage;
- To add eight electrical inspectors to meet goal of 24-hour turnaround on inspection requests;
- For new technology to combat fraud;

# ***GMAP Fiscal Report***

## **Economic Vitality**

- To add funding for agricultural growers affected by the cholinesterase monitoring regulations. The funding defrays the cost of medical monitoring by health care providers and blood testing by the state's public health lab;
- For increased hospitalization rates for crime victims;
- To add "Failure to Secure" a Load a crime subject to Crime Victims compensation.

### **Expenditure Trends**

Agency spending is on track as per spending estimates as of March 31, 2006.

### **Agency Action Plan**

None needed at this time.

## **Employment Security Department**

### **Final Enacted 2006 Supplemental Budget**

- \$1.9 million and 24 FTEs will provide additional fraud detection efforts to ensure that Unemployment Insurance payments and rates are equitable.

### **Expenditure Trends**

Agency-wide actuals-to-date are lower than expected primarily because of Employment Services and Workforce Investment Act under-expenditures.

#### **Employment Services Program under-expenditure of 15.8 percent:**

These under-expenditures are associated with the Trade Act program. These funds can be spent only on clients whose company has been Trade-Certified. The federal Department of Labor allocates these funds based on the previous two years' allocation and spending levels. The Employment Security Department's (ESD's) allocations and expenditures for the previous two years were based on a participant level that ranged from 5,000 to 7,000 people. This year's level of participation will range from 1,110 to 1,200 participants. ESD is under-spending these funds, and will continue to under-spend, because the number of participants is lower than in prior years. The unspent funds are carried forward and can be spent in future years.

#### **Workfirst Investment Act Program over-expenditure of 18.9 percent:**

These under-expenditures are associated with the Workforce Investment Act (WIA) for Dislocated Workers. Due to the recovery of the state's economy, large layoffs and closures have been reduced, resulting in a diminished pool of eligible applicants and reduced spending of Dislocated Worker resources. The economic recovery has also resulted in less need locally for "Rapid Response Additional Assistance" set-aside at the state level for specific layoff or closure events. Spending initiatives for selected groups of dislocated workers — such as the long-term unemployed, disabled, disabled veterans, or veterans — are being proposed and implemented in some local areas to utilize these available funds to help populations that usually cannot be targeted for assistance in a down economy.

The spending in both the Adult and Youth programs has been lower than projected. Some of this lag can also be attributed to the economic recovery. However, ESD is projecting that expenditures will increase by program year-end. The unspent funds in the WIA programs are carried forward and can be spent in future program years, up to three years from the funding award.

### **Agency Action Plan**

The agency continues to actively develop cost reduction and cost avoidance strategies to reduce and control agency expenses in the areas of facilities, equipment, and supplies.

# ***GMAP Fiscal Report***

## **Economic Vitality**

### **Department of Community, Trade, and Economic Development**

#### **Final Enacted 2006 Supplemental Budget**

\$25 million in General Fund-State and \$25 million in Other Funds for many program increases, including:

- \$7.0 million General Fund-State for repairs to minor league baseball stadiums;
- \$2.5 million General Fund-State one-time funding for Tribal Forest and Fish to replace reduced federal funding and allow tribes to participate;
- \$2.0 million General Fund-State for the sexual assault victim advocates program including: crisis intervention; legal, medical, and general advocacy; therapy services; and prevention;
- \$1.7 million General Fund-State for Drug Task Forces to replace reduced federal funding;
- \$1.6 million General Fund-State for the Employment Resource Center lease;
- \$1.6 million General Fund-State for outdoor recreation projects;
- \$1.0 million General Fund-State for Community Services Block Grant to enhance federal appropriations provided to community action agencies;
- \$10.5 million General Fund-Federal for increased federal funding from Community Development Block Grants, loans, remediation of lead-based paint in low-income housing, and a Crime Victim's Assistance Academy;
- \$9.8 million from the Housing Trust Account for housing subsidies;
- \$4.0 million from the Housing Trust Account for housing projects;
- 2 FTEs for the Low Income Home Energy Assistance Program to monitor and provide technical assistance to contractors.

#### **Expenditure Trends**

**Administrative Services has an under-expenditure of 17 percent:** Information technology and equipment purchases originally scheduled to occur before March will occur in June. Delayed hirings account for the remainder of the variance.

**Community Services has an under-expenditure of nearly 23 percent:** Low Income Home Energy Assistance grant disbursements are slower than estimated. Grants to 31 community action agencies for low-income, anti-poverty services are also spending at a slower rate. Billings from Early Childhood Education Contractors are not coming in as quickly as anticipated, however all dollars have been contractually committed.

**Housing Services has an under-expenditure of more than 29 percent:**

Disbursements of grant funds to local communities for housing programs are lower than originally anticipated. Programs with the largest variances are: developing affordable housing units, low-income home weatherization, and homeless housing assistance. An allotment adjustment of \$8.7 million was made for homeless housing assistance. New expenditure projections are being developed for the other programs.

**State Building Code Council has an under-expenditure of 32.6 percent:**

The under-expenditure is from staff vacancies; however, vacancies will be filled by July 1, 2006.

**Energy Policy has an under-expenditure of more than 54 percent:**

The Energy Policy Division funds energy related services performed by Washington State University. WSU has been requesting reimbursement at a slower rate than anticipated.

# ***GMAP Fiscal Report***

## **Economic Vitality**

**Energy Facilities Site Evaluation Council is over-spent by 37 percent:**

The timing of an environmental mitigation project on the Hanford reservation was unknown when the initial allotments were made. A legal settlement reached last biennium supports this expenditure. New expenditure projections are being developed.

**Economic Development has an under-expenditure of nearly 15 percent:**

The under-expenditure is from delayed construction for recipients of Community Economic Revitalization Board (CERB) grants. However, most CERB dollars are committed to recipients and CERB funds are expected to be fully expended this biennium. Washington Technology Center grants are also lagging, but will be fully expended this biennium.

### **Agency Action Plan**

None is needed at this time.

## **Department of Ecology**

### **Final Enacted 2006 Supplemental Budget**

\$3.9 million General Fund-State and 10 million in Other Funds are proposed for many program increases, including:

- Columbia River Basin funding to study and collect data on water issues;
- Enhancing the voluntary clean-up program for Puget Sounds;
- Funding the Priority Clean-up Act for Hanford Nuclear Reservation, including implementation and legal defense;
- Puget Sound oil transfer inspections; and
- Various other projects.

### **Expenditure Trends**

**Shorelands and Coastal Zone Management is underspent by nearly 10 percent:** This program's budget is 60 percent pass through (44 percent grants, 16 percent contracts.) The timing of pass through disbursements is difficult to predict. Grant projects and disbursements of grant funds to local governments for shoreline master plan revision, flood control, watershed planning, and coastal zone management have been lower than estimated.

**Water Quality is underspent by 11 percent:** This program's budget is 20 percent pass through (15 percent grants, 5 percent contracts.) The timing of pass through disbursements is difficult to predict. Grant projects and disbursements of grant funds to local governments for water quality projects for non-point source control and invasive aquatic weed control have been lower than estimated.

**Spill Prevention, Preparedness and Response is overspent by more than 9 percent:** This program received a million dollar penalty from Olympic Pipeline Company for the Bellingham rupture and fire. It was passed on to the Whatcom Land Trust for property purchase. The disbursement occurred earlier than estimated.

### **Agency Action Plan**

None needed at this time. Some general comments regarding the nature of the Department's grants/contracts:

# ***GMAP Fiscal Report***

## **Economic Vitality**

- All pass-through funds are committed to projects, and the work is under way. Typically, over 95 percent of awarded funds are used by the end of the biennium, but billing delays often leave actual disbursements trailing behind initial targets.
- Because resources are passed on to local entities, the obstacles that they face contribute to the progress of those projects that are beyond our control.
- Contract spending had a slower start than planned. Spending will accelerate as we move into the spring/summer construction season.

### **Department of Fish and Wildlife**

#### **Final Enacted 2006 Supplemental Budget**

- More than \$3 million from the General Fund was added to pay for various program increases, including for hatchery operations, increasing fish production, and co-management of fish and wildlife with the tribes;
- \$3.8 million from Other Funds was provided for Chinook salmon marking;
- \$1.6 million from Other Funds for the Mitchell Act for mass marking of Chinook salmon;
- \$2.5 million increased federal spending authority for wildlife grants.

#### **Expenditure Trends**

**FTE variance:** Federal and local funds have been secured and FTEs not approved associated with those programs. WDFW requested FTE authority in the last two budgets that were not approved. WDFW will request FTEs in the 2007 supplemental to balance to actual FTEs.

**Business Services are overspent nearly 8 percent:** This shortfall is in part due to timing of allotment approval to reflect the supplemental funds to cover a \$931,000 shortfall in actual Central Service Revolving Fund invoices and projected amounts compared to funds provided by the Legislature. Costs were incurred from July 2005 thru March 2006. The supplemental budget provided \$504,000 to partly address this situation. Local fund over-expenditure is a timing issue between actual expenditures and spending plans being allotted. Allotments were revised and approved in April.

**The Enforcement Program is overspent by more than 11 percent:** This variance is due to the timing of expenditures vs. allotment approvals. The July 2005 - March 2006 allotments did not include federal contracts from NOAA Fisheries, which have been subsequently approved in April 2006. In addition the program expended \$300,000 for new enforcement vehicles through the lease -purchase program from the State Treasurer. The program made the expenditures and will be reimbursed by the State Treasurer.

**The Wildlife Program is overspent by more than 23 percent:** This variance is due to the timing of expenditures vs. allotment approvals. Allotments were revised and approved in April.

#### **Agency Action Plan**

A reduction plan will be implemented in May 2006.

### **Department of Revenue**

#### **Final Enacted 2006 Supplemental Budget**

- \$392,000 from the General Fund to pay for additional Attorney's General staff to defend the state against tax challenges. The request corrects an oversight made in the 2005-07 operating budget.
- \$3.9 million from the Real Estate Excise Tax Grant Account for distribution to county governments for the purpose of developing automated tax systems. This request is the result of legislation passed in the 2005 session

# ***GMAP Fiscal Report***

## **Economic Vitality**

- About \$950,000 in General Fund dollars to implement legislation proposed in the 2006 session. This includes tax relief for aerospace businesses and other businesses, and repealing the 5% penalty for issuing tax billings.

### **Expenditure Trends**

Overall the agency is underspent by less than 4 percent.

### **Agency Action Plan**

None needed at this time.

## **Department of Agriculture**

### **Final Enacted 2006 Supplemental Budget**

- \$1.8 million General Fund-State for various activities, such as raw milk inspections, bio-diesel fuel markets, asparagus mechanization, pandemic flu planning and weights and measures equipment;
- \$609,000 in Other Funds for surface water monitoring and to fund legislation to increase weights and measures device inspections to at least once every two years (closer to the national average of one to 1 ½ years).

### **Expenditure Trends**

Agency Operations is more than 11 percent overspent: There was a reported 11 percent over-expenditure in the Agency Operations account because salary and benefits costs had not been distributed to the appropriate accounts before the end of the month due to Group 1 HRMS implementation. These were distributed after the April 10 payroll. The adjusted variance was a positive \$14,000, a less than 1 percent variance.

### **Agency Action Plan**

None needed at this time.